Listing of Claims:

- 1.-9. (Canceled)
- 10. (Previously presented) A resistivity logging tool, comprising:
- a propagation or induction resistivity antenna disposed on an elongated tubular having a longitudinal axis and adapted for subsurface disposal;
- a lateral resistivity sensor disposed in a recess in the elongated tubular;
- a shield disposed on and about the tubular to cover the recess and the lateral resistivity sensor; and
- an insulating mechanism including a circumferential gap, the circumferential gap extending continuously about the tubular to prevent electric current flow in the shield in a direction parallel to the longitudinal axis of the tubular near the lateral resistivity sensor.
- 11. (Original) The resistivity logging tool of claim 10, wherein the lateral resistivity sensor comprises a toroid.
- 12. (Original) The resistivity logging tool of claim 10, further comprising an electrode disposed on the tubular, the electrode selected from one of a ring electrode, a button electrode, and a combination thereof.
- 13. (Original) The resistivity logging tool of claim 10, wherein the lateral resistivity sensor comprises: an insulating base layer disposed in the recess in the tubular; and a toroidal antenna disposed over the insulating base layer.
- 14. (Original) The resistivity logging tool of claim 13, wherein the toroidal antenna comprises a conductive wire disposed over the insulating layer.
- 15. (Original) The resistivity logging tool of claim 13, wherein the toroidal antenna comprises a toroidal core formed from one of a magnetically permeable material wrapped in the tubular recess or a ferrite material disposed in the recess.

- 16. (Original) The resistivity logging tool of claim 10, wherein the lateral resistivity sensor includes a pressure compensating mechanism.
- 17. (Previously presented) The resistivity logging tool of claim 10, wherein the circumferential gap is a continuously extending gap incorporated in the shield.
- 18. (Previously presented) The resistivity logging tool of claim 17, wherein the circumferential gap is filled with an insulating material.
- 19. (Previously presented) The resistivity logging tool of claim 10, wherein the circumferential gap includes an electrically insulating material disposed between a junction formed between the shield and the tubular.
- 20. (Original) The resistivity logging tool of claim 10, wherein a section of the shield positioned over the induction or propagation resistivity antenna comprises at least one slot filled with an insulating material.
- 21. (Original) The resistivity logging tool of claim 10, wherein said recess contains both the induction or propagation resistivity antenna and the lateral resistivity sensor.
- 22. (Original) The resistivity logging tool of claim 10, wherein the tubular is a drill collar.
- 23.-34. (Canceled)
- 35. (Previously presented) A method for building a resistivity tool using an elongated tubular having a longitudinal axis and adapted for disposal within a subsurface formation, comprising:

disposing a lateral resistivity sensor in a recess in the tubular;

disposing an induction or propagation resistivity antenna on the tubular;

positioning a shield assembly on and about the tubular to cover the recess and the lateral resistivity sensor; and

extending a circumferential gap continuously about the tubular and electrically between the shield assembly and the tubular, thereby preventing electric current to flow along the shield in a direction parallel to the longitudinal axis of the tubular near the lateral resistivity sensor.

- 36. (Original) The method of claim 35, wherein disposing the lateral resistivity sensor comprises: disposing a base layer of an insulating material in the recess in the tubular; and assembling a toroidal antenna comprising a toroidal core and a conductive wire wound around the toroidal core, wherein the toroidal core comprises a magnetically permeable material wrapped around the insulating base layer.
- 37. (Previously presented) The method of claim 35, further comprising adapting the recess in the tubular with a pressure compensating mechanism.
- 38. (Canceled)
- 39. (Previously presented) The method of claim 35, wherein the circumferential gap is incorporated in the shield assembly and is filled with an insulating material.
- 40. (Original) The method of claim 35, further comprising disposing an electrically insulating material between a junction formed between the shield and the tubular.
- 41. (Previously presented) The resistivity logging tool of claim 10, wherein the circumferential gap is incorporated into the tubular and positioned between the shield and the tubular.